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Connections

Official Publication of the
Association of Texas Appraisers, Inc.



Ken Pruett, ATA-R
ATA President

Boy, howdy. Teresa is going to be upset. This column is due, and I've got nothing. Best go with bullet points, that way the flow might make more sense.

- My brain is tired. Probably like a whole lot

of yall out there, it has been full tilt boogie all summer long. And I, for one, did not see this coming.

- This time last year, Corona was still an ice cold barley pop, to be consumed and enjoyed, especially in the company of friends. This year, not so much.
- Not since my parents told me all those years ago...that I could do anything, if I put my mind to it, have I have been told by so many, for so little, that my competency has no bounds. Well, at least my geographical knowledge of Texas has been expanded. Really, who looks like the fool here?
- Does every single thing have to be Doom & Gloom? And a new world record, doomier and gloomier...
- Good business year. Time to start planning on how much my silent business partner is going to want come April 15, 2021.
- It's an Election year, and that is another conversation, worthy of many of the aforementioned Corona's. But not here. Here, is a gratuitous *do your civic duty*, follow the issues and go vote.
- Speaking of elections...we have some outstanding candidates who have raised their hands to lead the ATA. I am always appreciative of those that are willing to give of themselves for the good of us all. The election will be held in person, and virtually. Please take the time to vote for your leaders. I promise no lines.

Quick note about the annual meeting coming up in Georgetown. Yes, we will be wearing masks. I'm tired of it too. I am not tired of being healthy. And I will be doing everything I can to not spread this virus. And a lot of that only happens by my being considerate of my friends and fellow professionals. Hell, I did not come to meetings in the past, even when I was just getting over an illness. Never, could not risk getting others sick. I stayed home and missed the smiles, comradery, and knowledge. This time around, we have the added benefit of the virtual classroom. But you are on your own for cookies at break times.

We are contractually obligated to the hotel for the meeting, thus the moving to October rather than just cancelling, but we have been assured that health and safety protocols are in place, and enforced. FYI-once you are socially distant, and at your table during sessions, the mask can come off. Back on when you get up.

I could go on, and I am more than confident stir up a hornet's nest of worthy conflicting opinions. But, as appraisers, we have other issues and concerns. What has been creeping to the front of my mind, in all of this crazy dumpster fire of a year, I have been blessed with my continued health (no thanks to those entrusted with a position of advocacy "oh, they got over the Covid weeks ago...), physically and financially. It's been a good year to be a real estate appraiser.

Do yourself a favor, take a step back, take a breath, and recall what happened after the last "boom." Take the time to prepare, and especially ensure you dot your i's and cross your t's. Today, we are all friends, but tomorrow, those friends will become finger pointers. Absolutely, not their fault. And commonly, blame comes looking for the appraiser. It may take a tad bit more time now, but take the time now, document it. Print that extra sheet, toss it in your file. Scribble down what you are thinking, it may be just what you need to spark your memory.

(Continued on page 2)

Upcoming Industry Meetings:

- TAF Board of Trustees, Oct. 1-3, Virtual
- AQB Public Meeting, Oct. 16, Virtual
- AARO Fall Conference, Oct. 16-19, Virtual
- TAFAC Meeting, Oct. 30, Virtual
- Appraisal Summit, Nov. 2-6, Virtual
- NAA Membership Meeting, Nov. 3, Virtual
- ASB Public Meeting, Nov. 6, Virtual
- ASC, Nov. 4, Virtual
- ATA Mid-Year Meeting, Feb. 19-20 New Braunfels

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From the President (con't)

But most importantly, remember to slow down and spend time being that someone special to others. Bubba, I'm praying for ya, as are a whole lotta folks. Tomorrow is coming, and it will be a whole lot better with you and a couple of margaritas in it!!

I have been personally blessed with two grandsons, Koda and Maxwell, this past year. Truly blessed, but neither are local to us. Going to be more traveling in our future for sure! Re-

member to count your blessings, and to find the bright side of life.

And cut to Monty Python ear worm: "Always look on the bright side of life, always look on the light side of life..."

Be careful out there. Stay safe. Hope to see you in Georgetown, if not, we understand.

--*Ken*

This weekend I'm going to toss some candy out the door, put a turkey in the oven, open a few gifts and call it a year.

Annual Meeting—Now Live and Virtual!

ATA's 15th Annual Meeting and Education Conference will be held Oct. 9-10 **Virtual and at the Sheraton Georgetown Texas Hotel and Conference Center**, 1101 Woodlawn Avenue, Georgetown, TX 78628. The following events will be held at this annual meeting:

- Friday morning - 8:00 a.m. - Noon - **TREC Legal Update II** (#37797 - Separate Registration Fee) The instructor will be Candy Cooke, ATA-G. (4 hours*)
- Friday morning - 9:00 a.m. - 11:00 a.m. **ATA Board of Directors Meeting** (Session 1)
- Friday afternoon - 12:30 p.m. - 1:00 p.m. - **Welcome and Update**, Ken Pruett, ATA-R, ATA President and Troy Beaulieu, Director of the Standards and Enforcement Services Division, TALCB
- Friday afternoon - 1:00 p.m. - 4:00 p.m. - **Appraising in Uncertain Times**, (3 hours*) presenters: Industry experts
- Friday evening - 4:15 p.m. - 5:15 p.m. - **ATA Membership Meeting**
- Friday evening - 5:15 p.m. - 5:30 p.m. - **ATA Board of Directors Meeting** (Session 2)
- Friday evening - 5:15 p.m. - 6:30 p.m. - **Networking Reception**
 - Saturday - 8:00 a.m. - 5:00 p.m. - **The Ultimate Adjustments Course**, (8 hours*) Steve Kahane, ATA-R

Attendees will have the opportunity to network with fellow appraisal professionals at the continental breakfast,

breaks, lunch, and at the networking reception Friday evening.

Who Should Attend

Anyone who needs to stay on the leading edge of appraisal issues, as well as professionals who are responsible for keeping appraisal processes in compliance.

Hotel Accommodations

A block of rooms has been reserved for meeting attendees at the Sheraton. Sleeping rooms are \$133 (plus tax) per night for single/double rooms. Reservations must be received by **Sept. 17, 2020**. After this date, reservations will be accepted on a space and rate availability basis. [Click here](#) or call (800) 477-3340 and mention Association of Texas Appraisers to receive this discounted rate.

Registration Fees

The fee to attend this meeting is \$150 for ATA members and \$300 for non-members (not a member, [join now!](#)). (Fees increase \$20 14 days before the meeting.)

Registration with payment must be received at least five business days in advance of the conference to guarantee your registration. If you have not received an e-mail confirmation one week prior to the conference, please call ATA at (210) 837-7123, M-F, 9:00 a.m.-4:00 p.m. to confirm your registration.

Exhibitors/Sponsors

If you have questions about exhibiting or sponsoring, please contact info@txappraisers.org. You can down-

load the [exhibitor/sponsor form](#) or pay on-line.

Cancellations/Refunds

Written requests received three business days prior—full refund; fewer than three business days prior—no refunds will be issued.

About the Sheraton

Just 30 minutes north of downtown Austin, this newly built 222-room hotel makes enjoying the best of the Hill Country completely effortless. Set on the banks of the San Gabriel River, outdoor activities from jogging trails to ropes courses are just steps away. This AAA Four Diamond hotel offers a heated oasis-like outdoor pool and park views. Taste classic comfort cuisine at their signature restaurant Brix And Ale or dine on your schedule with 24/7 in-room dining.

[Click here](#) for more information on [Georgetown](#).

*Approval Numbers:

TREC Legal Update II is offered by Texas Realtors; Provider #0001; CE: 37797.

Appraising in Uncertain Times; TALCB Provider #8; CE: 39281 - TREC Provider #9974; CE: 39334

The Ultimate Adjustment course; TALCB Provider #8; CE 39204 - TREC Provider #9974; CE 39196

A big thank you to Candy Cooke who is helping us present this meeting virtually.



Welcome New Members

The ATA President and Board of Directors would like to welcome our newest members:

Melissa Bond, Picayune, MS
Edgard Castillo, Sugar Land
Jeffery Cusick, Round Rock
Gary Eldridge, Llano

Jeffrey Feinberg, Houston
Conner Holm, San Antonio
Charles Horner, McKinney
Katy Jordan, Blanco
Lana McGee Straub, Stanton
Ron Richardson Jr., New Braunfels
Joseph Rivera, Fort Worth

Rebecca Robertson, Houston
Kelly Rodriguez, Camarillo
Ashley Spruiell, San Marcos
William Trombly, Houston
Placido Vasquez, San Antonio
Brenda Victory, Fulshear

Trainees Looking for Sponsors

Crystal	Jordan	Houston	832 792-9300	crystalintexas@yahoo.com
David	Carroll	Arlington	817 808-7362	dwcarroll@yahoo.com
Rachel	Carpenter	Austin	512 771-6042	rachacarpenter@gmail.com
William	Massey	Montgomery	719 210-7561	wildbillmassey@hotmail.com
Rebecca	Armstrong	Midland/Odessa/DFW	469 777-8632	rebecca@trinityrealestategroup.com
Raul	Garcia	South Texas	956 550-1354	earthrealtysraul@aol.com
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Placido	Vasquez	San Antonio	210-777-5882	placido@housetohomere.com
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Linda	Dlugosch	Victoria	361 935-5717	linda@jacobrealtytx.com
Stacy	Mellish	Cedar Park	832 264-3852	stacym1225@gmail.com
Corey	Rowland	Wimberley (GC Trainee)	830 313-0636	corey.p.rowland@gmail.com
Troy	Taylor	Austin	512 285-0721	troytaylor787@gmail.com

TALCB Seeking New Board Members

At the end of January 2021 the term expires for three members of the board; two appraiser members and one public member. The expiring public member position is currently held by a banker, who provides a perspective uniquely complimentary to the appraisal industry.

Please consider applying for the appraiser member positions and also talk to your banking clients about applying for the public member position.

The board meets quarterly in Austin and all travel expenses are reim-

bursed. Here is a link where you can watch a typical board meeting. https://www.talcb.texas.gov/apps/meetings/view.php?meeting_id=355 Here is the application link: <https://gov.texas.gov/organization/appointments>

Can Appraiser B Update Appraiser A's Appraisal?



Dustin Harris

The Appraiser Coach

Can an appraiser complete a 1004D form (an Appraisal Update and/or Completion Report [Form 1004D]) if he/she did not do the original appraisal? A lot of appraisers ask this

question. At first glance, you'd think the answer was "NO!". How can appraiser-B update an appraisal that appraiser-A did six months ago? But before you answer, hold on a minute!

Yes, it is true a lot of lenders and clients no longer request we do these updates. Yet, some still do. And this blog is for appraisers who get requests to do them. So, what is the answer to the question? The short answer is "YES", appraisers can update appraisals another appraiser did; but there are things to think about first. Since a lot of updates involve the purchase of a new house, the second appraiser will need a copy of the plans and specs to determine if what is on the site now is what is on the plans. Then, the appraiser will need a copy of the first appraisal and report. It is highly unlikely the second appraiser will get a copy of the first appraiser's workfile. But the second appraiser must have a copy of the entire appraisal the first appraiser did. Without this, there is nothing to update.

For some more things to be aware of, look at the 1004D form itself. If you are doing an update, look at the first line. It asks the appraiser to determine if the value now has decreased from the value conclusion the first appraiser formed. In other words, to answer the question, the second appraiser must form a value opinion of the property now, to see if it has declined since then. That means the second appraiser must comply with Standard 1 in forming the updated value conclusion. And what about Standard 2. The client merely wants to know if the current value is less than the previous

value. Yet, per either Standards Rule 2-2(a) or 2-2(b), are there not some requirements of what the second appraiser must communicate to the client (yes, there are)? Yet where is the second appraiser to report these on the 1004D form? It is possible to include them by reference, frankly (which this form accepts). But does the second appraiser typically do this?

And what about getting paid? To certify the current value is no less than the original value requires the appraiser to form *two value opinions*. That's two appraisals; two entire appraisals. Remember, to agree with the first appraisal's value conclusion is, by definition, to appraise the property. Indeed, to agree *now* with the value *then* is a retrospective appraisal (with all the baggage that carries). So, what this teaches us is that the client wants to *underpay* the appraiser for the appraisal update, while getting a retrospective value conclusion for *free*. How much sense does that make?

Now look at #2 under Appraiser's Certification. It says, "I performed this appraisal update in accordance with the requirements of [USPAP]". I've spoken with a number of USPAP experts, and they all assure me there are no appraisal update requirements in USPAP. This is because, under USPAP, there is no such thing as an appraisal update. There is merely an appraisal, whether it is retrospective, current, or prospective. So, this form asks us to Certify to something that does not exist. In its purest sense, this is misleading.

Now look at *Certification of Completion*, the 3rd question. "Have the improvements been completed in accordance with the requirements and conditions stated in the original appraisal report?" If the answer is "NO", the report then requires the appraiser to "... describe any impact on the opinion of market value". Unfortunately, it is not clear if this requirement to describe the impact refers to the original appraisal or the update appraisal. So, even when completing merely the Certification of Completion, there is the likelihood it too will require a current appraisal of the property.

Think about it. If the client hired the appraiser to certify completion, that is what the appraiser bid on to get the job. Yet, it is possible the appraiser, to "...describe any impact on the opinion of market value", would require a full-blown appraisal of the property after completion. Yet this is not what the appraiser bid on. So, where is the incentive? Does the appraiser bid on merely a completion certification, yet provide a full appraisal *if that proves to be necessary*? Or does the appraiser avoid losing (a lot of) money by merely stating there was no such impact?

Finally, notice the language of the *Scope of Work for an Appraisal Update*: "The appraiser must, at a minimum, concur with the original appraisal...". Therefore, under this, the client sets the appraiser's scope of work. Yet the Scope of Work Rule and Standard 2 both make it clear it is the appraiser who determines a credible scope of work in an appraisal assignment, not the client.

To repeat the question, then: Can appraiser-B update an appraisal appraiser-A originally did? The answer is clearly "YES". A better question, however, is, does appraiser-B really want to?

Dustin has a podcast on this subject. [Click here](#) to listen.



Your 2020-2021 ATA membership dues are due now. Please pay on-line at www.txappraisers.org or mail your check to :

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San Antonio, TX 78251

We appreciate your continued support of ATA and the appraisal profession.

Appraising During a Pandemic



Isaac Peck
Working RE

Appraisers today find themselves in unprecedented, dangerous times.

As the “eyes and ears” of the lender, the majority of appraisal assignments have traditionally required both an interior

and exterior inspection of the subject property, often with a talkative (sometimes pushy) homeowner trailing close behind. But since the outbreak of the COVID-19 pandemic, the interior inspection has morphed from a routine facet of the appraisal process into a gauntlet that places appraisers, their loved ones, and even the property’s occupants in harm’s way.

The irony of this crisis, of course, is that despite the relentless push by the lending community to minimize and replace appraisers via automated valuation models (AVMs) and bifurcated appraisals, when the rubber meets the road with COVID-19, lenders and regulators continue to insist on interior appraisal inspections, never mind doing away with appraisals entirely. And it’s appraisers who are objecting to completing the interior inspections.

Even though the Government Sponsored Entities (GSEs) as well as agencies like the USDA and HUD/FHA now allow for exterior-only and desktop appraisals, in lieu of a traditional interior-inspection appraisal, interior inspection appraisals are still the “preferred” valuation method in this pandemic (See [FHFA Directive on Interior Appraisals](#) for more).

More than being preferred, interior inspections are being required for a number of loan types and scenarios across the lending spectrum, over the objections of many appraisers who resent having to choose between feeding their family or putting their family at risk: many wonder why the 2055 desk-

top appraisal is not good enough during this crisis. Perhaps there’s a silver lining in the message this sends about the value of the appraiser’s role, however disagreeable and reckless some may believe it to be in the present moment.

Here’s a snapshot of the challenges faced by appraisers and the valuation industry as a whole.

Lender Preference

Despite flexibilities that allow for alternative appraisal methods, initial reports indicate that many lenders are continuing to pursue full 1004 appraisals, including the interior inspection. That’s the good news *and* the bad news.

Michael Tedesco, Chief Executive Officer of Appraisal Nation, a national Appraisal Management Company (AMC), confirms that many of his clients prefer to receive an interior inspection appraisal report, even if the GSEs will accept a lesser product. Fannie and Freddie’s guidelines say to get a traditional interior inspection appraisal if available, so in many cases, we’re ordering an interior inspection appraisal as the first order of business. Of course, it is location specific. In New Jersey or New York, I don’t think anyone should be doing interior inspections, but in places like North Carolina where we’re headquartered, there is less risk because the number of cases aren’t as high,” says Tedesco.

Appraisal Nation also has a number of private lender clients that hold loans in their own portfolio, and Tedesco reports those clients are much less inclined to accept an exterior-only or desktop in lieu of an interior inspection report. Tedesco says his firm has a procedure in place if an appraiser has concerns related to COVID-19. “If the appraiser accepts an order and doesn’t feel safe, we will go back to the lender and see if an exterior-only is acceptable, if it falls within the guidelines. We also have a questionnaire that goes to homeowners where we ask questions about the health of the occupants, if any of those questions indicate illness,

we’re not going to go into that property,” says Tedesco.

Currently, Tedesco says that less than 25 percent of his firm’s orders are exterior-only or desktops, but he sees that potentially increasing as time goes along.

Cash-Out Refinances

Complicating matters further is the fact that both Fannie Mae and Freddie Mac require a traditional interior-inspection appraisal for cash-out refinances, which are quickly becoming a significant segment of the mortgage market. While cash-out refinances represented

just a small fraction of the mortgage market as recently as a few years ago, Freddie Mac’s Quarterly Refinance Report (March 13, 2020), indicates that “cash-out” borrowers—those who increase their loan balance by at least

five percent, represented 83 percent of all conventional refinance loans. Freddie writes that this is the “the highest share since the third quarter of 2007.”

John Smith (name changed for privacy), a Chief Appraiser at a regional AMC, says that the result has been very little relief on interior inspections for refinance transactions. “When Fannie and Freddie came out with their announcement last month, we had a lender who had 600 refinance transactions in their pipeline. Out of those 600 transactions, we determined that 463 still needed interior inspections. You might disagree with it but cash-out refinancing is an American tradition. The market needs cash out refis,” says Smith.

In terms of why Fannie and Freddie are not allowing exterior-only and desktop products on cash-out refinances, Smith believes that it comes down to risk. “A lot of the purchase transactions are eligible for an exterior-only or desktop product. With purchase transactions, you’ve got a Realtor® who did a competitive analysis, a buyer looking at other homes and selecting the subject, negotiating the price, lots of MLS photos, etc. You’ve also got market exposure and the principle of competition. So I think the GSEs are thinking



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that they're taking less risk with purchase transactions than with cash-out refinances. Not that the purchase price always equals market value, but on a refinance it can be a complete crapshoot," says Smith.

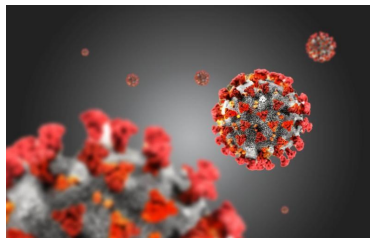
Deciding Not to Inspect

Like so many other appraisers, Thomas Peevler, a Certified General appraiser in Prescott, Ariz. with more than 33 years of appraisal experience, made his decision to forgo interior inspections mid-March after the first few cases of Coronavirus in his area started to become public. But what got him thinking about it was a call with a borrower. "I had a conversation about COVID-19 with an older woman who was trying to refinance her home. She told me that she was older and has a history of respiratory issues. It really got me thinking! I'm 73 and also have a history of respiratory issues, and I don't know that I'd be comfortable going into her house or anybody else's for that matter," says Peevler.

Since then, Peevler has declined all orders that include an interior inspection, which has been every order that has come his way to-date. Peevler says he still has the woman's file on his desk and he told her that he would wait to hear from the lender to see if they would allow an exterior-only valuation. So far, he says the lender hasn't contacted him again, suggesting that they may prefer to forgo the woman's business rather than accepting less than a full appraisal on her property. Peevler says that since the GSEs issued their temporary guidance on March 23, he has continued to receive from six to eight traditional interior-inspection 1004 orders every day from his clients as of this writing (mid-April). "In the last few days, I have received 15-20 orders from my AMC clients and I have turned down every single one of them. Some of my clients are a little unhappy with me for not accepting the new assignments, but none of the orders have been desktops or exterior-only assignments," says Peevler.

In a comment left on OREP/Working RE's Coronavirus (COVID-19) Appraiser's Discussion and Resource Page (March 20), appraiser Richard Hurtig

expresses what many appraisers are likely feeling when faced with the choice of doing interior-inspections or being unable to provide for their families: "Like everyone here I have been put in the impossible position of having to choose between the health and safety of myself and my family and maintaining my livelihood. It is absolutely insane that we are being asked to perform interior inspections in the middle of a worldwide pandemic. I can't afford not to work so I am taking every precaution I can: pre-inspection screening of homeowners, mask, gloves and sanitizer. I don't even enter my house with the clothes I was wearing in the field, changing in the garage, washing them immediately and showering as soon as I get back from the field. Any one of us can be exposed in one property and then spread the virus to every other home we enter, which could literally kill someone, not to mention ourselves or someone in our fami-



ly." ([Click Here](#) to read what appraisers are saying and join the discussion.)

Gathering Data for Exterior-Only
For those appraisers who are performing exterior-only and desktop assignments in lieu of traditional interior-inspection assignments, a number of creative methods are being used to gather information from the homeowner or real estate contact. Some appraisers are using FaceTime to do a real-time walkthrough of the property with the property occupant so they can still observe the interior of the property. Appraisers are also interviewing the homeowner and using those interview notes to make a determination about the property condition. In many cases, such practices are being encouraged by the appraiser's clients.

To help appraisers gather critical information without entering the property, real estate technology company Clear Capital has launched *OwnerInsight*, a

new homeowner-enabled appraisal inspection tool. The no-cost tool allows the home's occupant to transmit information about the home as well as high-quality and images of the interior and exterior of their homes to the appraiser.

The appraiser has the ability to send a text message or email to the home occupant or real estate contact, inviting them to use the web-based application. The home occupant is then guided through questions about the property and given clear photo prompts to ensure complete and accurate results. Once complete, the report is immediately delivered back to the appraiser. The tool can also be used by AMCs and lenders. "*OwnerInsight* provides critical efficiencies for lenders and appraisers to access information that is indispensable to the appraisal process, especially during COVID-19," says Jeff Allen, executive vice president of valuation strategy at Clear Capital.

"*OwnerInsight* helps homeowners and appraisers avoid a cumbersome and confusing back-and-forth, trapped in email and phone calls with unclear requirements and no fraud mitigation."

Bradford Technologies developed its own homeowner property collection tool called *Onsight*[™], free to the industry until June 1, 2020. The tool guides the homeowner step-by-step through the information and photo collection process. The idea of using these new applications is that the more information the appraiser gathers and analyzes, even if delivered by a homeowner, the more accurate the appraisal will be. In other words, by going beyond the minimal requirements of a simple exterior-only or desktop assignment, the appraiser can develop a more credible value opinion.

Appraiser Diagnosed with COVID-19

The reality of our collective circumstances hits especially close to home when we hear that one of our own, a fellow appraiser, contracted the virus. Bryan Reynolds, a popular national appraisal instructor, owner of Fine Point Valuations, and a Partner at Appraiser eLearning, revealed via LinkedIn that he had been hospitalized with the Coronavirus and had just been

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released. In an emotional six-minute video, Reynolds thanked everyone who showed him support through his recovery. Reynolds revealed that he had been quarantined alone in a hospital room, adding that he wasn't really alone as God was watching over him, and then thanked God for his recovery.

Reynolds urged everyone to be careful, saying "it doesn't affect some people as much as others, but it can affect some people greatly." Reynolds revealed another gentleman who was checked in at the hospital at the same time passed away from the virus. "My heart and prayers go out to his family; I don't even know him."

Reynolds revealed that his daughter was also sick and is on the mend. "I promise you, you probably know someone who has been impacted by this and it's very, very serious. So please take it seriously and do your part," says Reynolds.

Survey Results

At the time of this writing, the OREP/ Working RE survey—[Coronavirus: State of the Appraisal Industry](#), had over 1,800 responses from appraisers around the country. Nearly 40 percent indicate that they have stopped performing interior appraisal inspections because of the Coronavirus pandemic, with 60 percent reporting that they are still performing interior inspections while taking precautions.

Based on the survey data, it appears that many lenders have already begun allowing alternative appraisals, with the majority of appraisers, 55 percent, reporting that at least some of their lender clients are now allowing desktop or exterior-only appraisals in lieu of tradi-

tional interior-inspection appraisals. That leaves roughly 45 percent of appraisers, like Peevler, who report that their clients are still ordering interior-inspection assignments, with no allowance for alternative products.

With the situation rapidly developing, the adoption rate of interior-inspection alternatives is likely to increase, but will vary widely across the country depending on how many appraisers are willing to do them, along with the severity of the Coronavirus outbreak in a given locality, state laws, and even the willingness of the homeowners to allow an appraiser onto the property.

Looking Ahead

The guidelines issued by the GSEs and other government departments like HUD/FHA stipulate that the allowance for alternative products in lieu of an "interior inspection" appraisal has been extended to June 30, 2020. However, it remains uncertain whether appraisers will be able to return to business as usual by the end of June. Predicting the future is impossible, now more than ever, but it's likely that challenging times are ahead.

So far, the data shows that even in the face of a deadly pandemic, traditional "interior inspection" appraisals continue to be required in a variety of circumstances by the "powers that be," and many lenders continue to pursue them even when an alternative report may be acceptable. In the meantime, many appraisers are still working, being very careful about the interior inspections they accept and trying to gather as much information as possible when performing exterior-only or desktop

assignments.

Appraisals are an "essential service," after all. But what a bittersweet message that is, given the risks involved. Stay safe out there.

Sidebar: Appraisals Are Essential Services

At press time, nearly 40 states have passed Stay-at-Home orders, with many of those orders exempting appraisal services and/or declaring them "Essential Services." Bill Garber, Director of Government and External Relations at the Appraisal Institute, shared a State by State Report that outlines how appraisal services are classified for most states that have issued Stay-at-



Home orders as of late March. ([Click Here](#) to read the report.) The majority of states provide an exemption for appraisal services.

Several states, California included, cite Homeland Security/Cybersecurity and Infrastructure Security Agency's (CISA) list of 16 Critical Infrastructure Sectors ([Click Here](#) for a full list). On March 29, CISA published a FAQ titled "Guidance on the Essential Critical Infrastructure Workforce" that confirmed "Residential and commercial real estate services, including settlement services" are essential services. Currently three states, PA, NJ, and VT, have asked appraisers not to do interior inspections under any circumstances.

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